

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN DONALD L. HEDGES**, on February 11, 2003 at 8:10 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Donald L. Hedges, Chairman (R)
Sen. Royal Johnson, Vice Chairman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. John Esp (R)
Rep. Eve Franklin (D)
Sen. Bea McCarthy (D)

Members Excused: Rep. Dave Lewis (R)

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Pam Joehler, Legislative Branch
Diana Williams, Committee Secretary
Lynn Zanto, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to the material immediately preceding.

See January 10, 2003 for additional executive action on the Library Commission.

Committee Business Summary:

Hearing & Date Posted: None

Executive Action: Library Commission; University
System - HB 2 Language

EXECUTIVE ACTION ON LIBRARY COMMISSION

Lynn Zanto, Legislative Fiscal Division, explained that in order to keep the Library Commission intact with what was adopted for this agency, additional action is advised.

Ms. Zanto explained that DP 7008-Coal Tax Shared Account Reduction was previously approved by this Subcommittee. The description of this proposal is Exhibit 1, which is on page E-68 from the Legislative Budget Analysis 2005 Biennium.

EXHIBIT(jeh30a01)

Ms. Zanto said that HB 177 is tied to this reduction (DP 7008). If this bill is passed, funding allocated to the Coal Severance Shared account would be reduced from 7.75 percent to 4.18 percent. The other agencies impacted by this bill are DNRC, and the Department of Agriculture as well as Commerce. The Subcommittees associated with these agencies would like to keep the funding at 7.75 percent so they took no action on DP 7008.

Ms. Zanto said that in the event that HB 177 doesn't pass the library would still have that reduction so she supplied the proposed contingency language that could be adopted and is Exhibit 2. If this language is adopted, it would restore the money in the event that HB 177 doesn't pass.

EXHIBIT(jeh30a02)

Motion: REP. FRANKLIN moved that IF HB 177 DOESN'T PASS AND ISN'T APPROVED, THE COAL SEVERANCE TAX SHARE OF \$151,351 OF STATE SPECIAL REVENUE IN 2004 AND \$155,124 OF STATE SPECIAL REVENUE AUTHORITY IN 2005 BE RESTORED.

Discussion:

SEN. McCARTHY wanted to know the status of HB 177. **CHAIRMAN HEDGES** said that it has not been acted on and is in the Subcommittee that deals with Natural Resources.

The Committee further discussed HB 177 and clarified what the proposed language would do.

With HB 177, the proposal is to place the funding from the Coal Severance Tax that went to the different agencies into the General Fund. If passed, the library would lose approximately \$155,000 each year of the biennium. In the event that HB 177 doesn't pass, this contingency language, if adopted, would authorize that money to flow into the library's budget.

Vote: Motion carried 7-0 by voice vote. (REP. LEWIS voted by proxy.)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 6.3}

Motion: REP. FRANKLIN moved to RESTORE THE LIBRARY COMMISSION TO THE GOVERNOR'S BUDGET ADDING \$297,000 IN FY04 AND \$41,000 IN FY05 GENERAL FUND.

Discussion:

REP. FRANKLIN said that she felt that with the full Appropriation Committee there was a fair amount of support to fund the library to a higher level than what was done previously by this Subcommittee. She also said that she felt that the local libraries are concerned with the level of funding that has been approved. If this motion is adopted it would support the Infotrac as well as other local library programs.

CHAIRMAN HEDGES said that this Committee is taking the necessary action to fund the Library Commission through HB 491 which is the Committee bill that addresses the funding. Until there is resolution to this bill, he felt the Committee has done all it can in regard to the Library funding.

REP. BUZZAS said that the purpose of this Committee is to set policy and say what is important. She further said that the services that the Library provides to the State are needed and valued. She said that there are a lot of options out there to find the money for this agency. She felt it was important that the Committee stand up and say, at the least, they support the Executive Budget.

SEN. MCCARTHY wanted to know the impact on the local taxpayer if the funding wouldn't be restored. Ms. Zanto said that the library would make reductions in the services which wouldn't have any effect on the taxpayer. Only a reduction in services at the local libraries would occur.

Karen Strege, Director of the State Library, said that if the money is restored, the Library Commission would be at the Governor's proposed budget. The additional money would support the Library Federation which provide grants to libraries, the purchase of the database program (Infotrac) and to restore one-half of the direct aid to local libraries. In addition, one FTE would be retained to support the Talking Book library program at the State Library. She ended by saying that the additional funding would not allow any more funding for the administration of the NRIS program.

Ms. Strege handed out a folder that had copies of newspaper articles that dealt with the impacts of the budget cuts that have occurred in this 2003 Legislative Session. These articles were from various cities around Montana. There was also a one-page document that showed Montana Public Libraries' Circulation and Visits Per Capita.

EXHIBIT(jeh30a03)

REP. FRANKLIN said that with the lack of funding, local communities will really suffer. She also said that if the Committee voted yes on this motion it would be telling the full Appropriations Committee that this funding is a high priority. It may also provide more leverage with the larger group.

CHAIRMAN HEDGES said, "I think this Committee has done as much as we can. We've restored it to the front end and we have a Committee bill to backfill it at the other end. To do more at this time, would make us appear greedy."

Vote: Motion failed 3-4 with REPS. BUZZAS, FRANKLIN, and SEN. McCARTHY voting aye by roll call vote. (REP. LEWIS voted by proxy.)

{Tape: 1; Side: A; Approx. Time Counter: 6.3 - 13.5}

[Ms. Zanto left.]

EXECUTIVE ACTION ON UNIVERSITY SYSTEM - HB 2 LANGUAGE

Pam Joehler, Legislative Fiscal Division handed out a 12-page document that showed the proposed HB 2 language which is included in the Executive Budget.

EXHIBIT(jeh30a04)

In response to the \$40 million shortfall that was referenced by the newspaper and radio, **Ms. Joehler** handed out a sheet that reflected the budget that was adopted by this Committee. She thought the Committee might like to see how that number was derived. For the specifics she referred them to the last column on this sheet. She said that this is purely an informational tool.

EXHIBIT(jeh30a05)

The Committee discussed the University System's budget first.

SEN. JOHNSON said that the \$40 million that was addressed in the newspaper articles included all the monies that the University had proposed in new proposals as well as present law adjustments for this particular time. He also made the point that in the Great Falls Tribune it was stated that the University will gain \$10 million in additional funding for this biennium. He said that these types of articles offended him and does an injustice to the Committee. The Committee didn't cut anything. He said, "We just haven't allowed the budget to go to the size that was requested and that is all that has happened so far." He felt that the newspaper articles should reflect more accurately what the intent was rather than what the reporters perceive.

SEN. MCCARTHY said that with any newspaper article there is bias either for or against something. She felt that with any agency or group, their perception is that the budget has been cut rather than saying that the Committee's action allowed for a certain level of funding to occur. She also said that this has not been an easy decision for any of the Committee members. She thanked CHAIRMAN HEDGES for his caring attitude toward this issue.

{Tape: 1; Side: A; Approx. Time Counter: 13.5 - 19}

HB 2 Language was then discussed.

Ms. Joehler explained Exhibit 4. HB 2 language that is currently in the Executive Budget as well as the proposed revisions to that language are included in this document. She continued by saying that if there weren't any proposed revisions, the section after the example of the current language would have "Proposed Revision: None" and no action would have to be taken.

The first page of this document gives a definition of what is included in the "University system unit" as well as providing two points that deal with appropriating funds. Pages 2 to 12 deal directly with HB 2 language.

Ms. Joehler started on Page 1 and finished with Page 12.

On Page 2 & 3 of Exhibit 4, the proposed language dealt with the Agency Summary. With Page 2, **Mark Bruno, OBPP** informed the Committee that with the example of the current HB 2 Language there was a duplicate sentence. It was decided that the second sentence would be taken out. It starts on line 4, "For all" and ends with "by October 1 of each year", which can be found at the end of the seventh line and the beginning of the eighth line.

{Tape: 1; Side: A; Approx. Time Counter: 19 - 23.8}

On Page 3 of Exhibit 4 the language that allows the lump-sum appropriation was discussed.

Ms. Joebler explained that on the sheet (Exhibit 5) the money can be moved around in all the Educational Units as well as the OCHE Programs with the exception of the Community Colleges and Tribal college Assistance. It was also stated that in order for the transfers to occur, the Board of Regents would have to okay the transfer prior to the disbursement of it. With the Research/Public Service Agencies and the Community Colleges, these appropriations are line-itemed.

SEN. JOHNSON gave a brief history of the lump-sum appropriation. He said that this language was adopted in response to the University's request. Since the 1993 shortages, it has been part of the way that the money has been appropriated for the University. He also said that he helped write the language. He said that this language allows the University discretion as to where they want to spend the funds. He further said that if the Committee would want to direct the funds to each particular program, line-item appropriations would work.

Rod Sundsted, Associate Commissioner for Fiscal Affairs, said that eight years ago there were individual appropriations for each unit. The lump-sum allows for flexibility. The University could go back to the line-item appropriations if that was the wishes of the Committee.

The Committee took no action on this language.

{Tape: 1; Side: A; Approx. Time Counter: 23.8 - 30}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 2.6}

The next language that **Ms. Joebler** explained was in the standard accounting practices and the access to banner information system. These are found on Page 3 of Exhibit 4. No action was taken on these two items.

{Tape: 1; Side: B; Approx. Time Counter: 2.6 - 4.3}

Ms. Joebler asked for clarification over the biennial appropriation of the tribal college assistance (Page 4).

Motion/Vote: **SEN. JOHNSON** moved that **THE POLICY SHOULD CONTINUE THAT THE TRIBAL COLLEGE ASSISTANCE IS A BIENNIAL APPROPRIATION.** Motion carried 7-0 by voice vote. (REP. LEWIS voted by proxy.)

{Tape: 1; Side: B; Approx. Time Counter: 4.3 - 5.4}

Page 5 of Exhibit 4 deals with the community colleges, and Page 6 deals with the educational units. With the educational units there were proposed revisions that the Committee addressed.

There was discussion that focused on whether to keep the dollar figures in this language for the revenue, that is addressed in this example. Since these were anticipated revenue and do not reflect the accurate figures, some Committee members thought that it might not be necessary to have them be part of the language.

SEN. JOHNSON said that some figures are needed so the legislature can track these funds. The Committee left the figures as they stand on the proposed revision.

Motion/Vote: **REP. BUZZAS** moved **TO ACCEPT THE REVISED LANGUAGE THAT IS PRESENTED ON PAGE 6 [Exhibit 4] THAT DEALS WITH OTHER APPROPRIATED REVENUE.** Motion carried 7-0 by voice vote. (**REP. LEWIS** voted by proxy.)

{Tape: 1; Side: B; Approx. Time Counter: 5.4 - 21.8}

Ms. Joehler explained the transfer to debt service language. She said that the proposed revision takes into account the normal reduction that occurs with these bonds payments. In addition to this reduction there was an additional error caught, so the \$986,620 for the 2005 biennium reflects the adjusted amount.

Motion/Vote: **SEN. ESP** moved to **ACCEPT THE PROPOSED LANGUAGE REVISION THAT DEAL WITH THE DEBT SERVICE.** (The actual text can be found at the bottom of Page 6 and the top of Page 7, Exhibit 4.) Motion carried 7-0 by voice vote. (**REP. LEWIS** voted by proxy.)

{Tape: 1; Side: B; Approx. Time Counter: 21.8 - 22.7}

Ms. Joehler explained Page 7 of Exhibit 4. With the Yellow Bay appropriation (Flathead Lake Biological Station) she asked for clarification. It was agreed that this appropriation would be part of the lump-sum appropriation.

The top part of Page 8 [Exhibit 4] deals with the Agricultural Experiment Station and has proposed revisions.

Motion/Vote: **SEN. MCCARTHY** moved to **ADOPT THE PROPOSED REVISIONS THAT DEAL WITH THE AGRICULTURAL EXPERIMENT STATION.** Motion carried 7-0 by voice vote. (**REP. LEWIS** voted by proxy.)

Ms. Joehler clarified that the values on this proposed revisions are not included in the values that are on salmon colored sheet which is Exhibit 5.

{Tape: 1; Side: B; Approx. Time Counter: 22.7 - 30}

The next item **Ms. Joehler** wanted clarification on was the intent of the motion on the Biobased Institute. She needed to know whether the Committee wanted the appropriation to be line-itemed or become part of the base.

SEN. MCCARTHY said it would be okay to be put in the base.

REP. FRANKLIN said that leaving it in the lump is okay as long as the right amount of money is appropriated.

SEN. JOHNSON said that if it is placed in the lump-sum appropriation it has the potential of disappearing. If it is kept where it is at, it can be tracked for the \$200,000 as well as the \$140,000 match that is required.

Motion: **SEN. JOHNSON** moved that **THE BIOBASED PROGRAM IS LEFT IN THE POSITION THAT IT IS, IN A SEPARATE LINE-ITEM AND NOT IN THE BASE.**

Discussion:

Ms. Joehler clarified this motion by saying that this is the first example of the proposed language for the Biobased Institute that is on Page 8 of Exhibit 4. She said that this is the same language that was adopted last session with the exception of changing "private nonpublic" to "nonstate."

Vote: Motion carried 7-0 by voice vote. (**REP. LEWIS** voted by proxy.)

{Tape: 2; Side: A; Approx. Time Counter: 0 - 3.9}

On Page 9 of Exhibit 4, **Ms. Joehler** discussed the proposed language for the Extension Service. **REP. BUZZAS** said that she could accept this language as long as the numbers that are stated don't limit the agency to only the amounts stated. **Ms. Joehler** explained that the numbers are dependent on the revenue that comes in. The Extension Service would be allowed, with Board of Regent approval, to spend any additional monies that are generated.

Motion/Vote: REP. BUZZAS moved that **THE PROPOSED REVISION FOR THE EXTENSION SERVICE BE ADOPTED.** Motion carried 7-0 by voice vote. (REP. LEWIS voted by proxy.)

{Tape: 2; Side: A; Approx. Time Counter: 3.9 - 5.4}

The bottom part of Page 9 deals with the Beef Transfer Position **Ms. Joehler** wanted clarification over the intent of the motion that was approved by the Committee. She asked if the Committee wanted this appropriation to be a line-item, one-time-only or part of the base.

Motion: REP. HEDGES moved to **DROP THE ONE-TIME APPROPRIATION LANGUAGE.** This would put it in the base next year (Fiscal 2005).

Discussion:

SEN. JOHNSON said that he would resist that motion. With programs that have specific requests, when they are dropped into the base, they have a tendency to go away. Then when the agency needs more money in the future another beef position could be in the proposals. By having it stay as a line-item, the legislature could identify this request each time.

Substitute Motion/Vote: REP. BUZZAS made a substitute motion to **TAKE OUT THE ONE-TIME-ONLY BUT LEAVE IT AS A LINE-ITEM.** Substitute motion carried 5-2 with SENS. ESP and JOHNSON voting no by voice and hand vote. (REP. LEWIS voted by proxy.)

Ms. Joehler said that the motion that was just approved is not what is in the proposed language section that is on Page 9 of Exhibit 4. She said that she needs to know whether this appropriation is restricted or nonrestricted. She asked that she has some time to research this.

If the appropriation is restricted, the Board of Regents is bound by the conditions of the appropriation. If it is considered nonrestricted, the possibility of the Board of Regents transferring the money to a different program would be allowed.

This position will be addressed on Friday, February 14, 2003.

{Tape: 2; Side: A; Approx. Time Counter: 5.4 - 13.1}

The last three pages of Exhibit 10 deal with the Forestry and Conservation Experiment Station, the Bureau of Mines and Geology and the Fire Services Training School.

Ms. Joehler explained that there were no proposed revisions for the language that is on Page 10. **Mr. Bruno** suggested that to keep consistent with the motions that have occurred today, it might be better to add the word "anticipated" in front of the words "interest revenue."

Motion/Vote: REP. FRANKLIN moved to ADD THE WORD "ANTICIPATED" IN THE SECOND PARAGRAPH BEFORE "INTEREST REVENUE." Motion carried 7-0 by voice vote. (REP. LEWIS voted by proxy.)

{Tape: 2; Side: A; Approx. Time Counter: 13.1 - 14.3}

Ms. Joehler said that for the Bureau of Mines (Page 11 on Exhibit 4) there is proposed revisions to the language. In order to be consistent with the other motions, she said the word "anticipated" probably should be the first word of the sentence. So it would read "Anticipated Sales."

Motion/Vote: SEN. JOHNSON moved to TAKE OUT "PROPRIETARY" AND INSERT "ANTICIPATED SALES" OF \$29,157 (ETC.). Motion carried 7-0 by voice vote. (REP. LEWIS voted by proxy.) (See the example of the proposed revision on page 11, Exhibit 4.)

{Tape: 2; Side: A; Approx. Time Counter: 14.3 - 14.7}

On Page 12, with the Fire Services Training School, even though there wasn't a proposed revision stated, the Committee adopted one.

Motion/Vote: SEN. JOHNSON moved to ADD THE WORD "ANTICIPATED" IN FRONT OF THE "INTEREST REVENUE." Motion carried 7-0 by voice vote. (REP. LEWIS voted by proxy.)

{Tape: 2; Side: A; Approx. Time Counter: 14.7 - 15.1}

It was learned that this Committee needed to address the six mill levy and motorcycle program which can be found on page E-121 of the Legislative Budget Analysis 2005 Biennium.

Ms. Joehler said that to adopt the six mill levy the value is \$12,235,000 in Fiscal 2004 and \$12,362,999 in Fiscal 2005. The motorcycle program would be appropriated \$200,000 in each year.

Motion/Vote: SEN. MCCARTHY moved THE EXECUTIVE BUDGET LEVEL FOR THE MOTORCYCLE PROGRAM OF \$200,000 PER YEAR AS WELL AS THE SIX MILL LEVY OF \$12,235,000 IN FY04 AND \$12,362,999 IN FY05. Motion carried 7-0 by voice vote. (REP. LEWIS voted by proxy.)

{Tape: 2; Side: A; Approx. Time Counter: 15.1 - 18.7}

Rod Sundsted, Associate Commissioner for Fiscal Affairs, Montana University System, asked if he could make some comments.

Mr. Sundsted said, "I had a little trouble sleeping last night and when I was waiting for the paper this morning I, like SEN. JOHNSON, when I saw the headlines, cringed a little bit at what came out in the paper. And I just wanted you to know I didn't go out and look for a headline. I answered questions from the reporters as best I could. But some of the things I did say that I want to relay to the Committee is this has been a wonderful Committee to work with and a wonderful staff. I can tell you truly care about our University System and our students and I sincerely appreciate what you've done and I don't know why this is emotional but it is. I just want to pass on my thanks to the staff and the Committee and I really sincerely appreciate what you've done and thank you."

CHAIRMAN HEDGES said "You're welcome."

SEN. JOHNSON said, "I think we should thank Rod on our end and the people who have presented this. I think it is emotional because all of us have a real interest in it and I thank you very much for your help."

{Tape: 2; Side: A; Approx. Time Counter: 18.7 - 20.4}

Wrap up occurred with the distribution of the bills that will be heard on February 12th.

{Tape: 2; Side: A; Approx. Time Counter: 20.4 - 22}

ADJOURNMENT

Adjournment: 9:35 A.M.

REP. DONALD L. HEDGES, Chairman

DIANA WILLIAMS, Secretary

DH/DW

EXHIBIT (jeh30aad)